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supplementary planning guidance

Developer contributions towards school commissioning costs



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**West Lothian
Council**

Supplementary planning guidance

DEVELOPER CONTRIBUTIONS TOWARDS SCHOOL COMMISSIONING COSTS

Introduction

1.1 To support the development strategy of the Edinburgh and the Lothians Structure Plan 2015 (E&LSP) and the Finalised West Lothian Local Plan 2005 (FWLLP), three new secondary schools and the equivalent of 17 new streams of primary school education will be required. Paragraphs 7.18 and 7.26 of the FWLLP indicate that schools may also contain a variety of community facilities that are required to complement current or proposed free standing community, health or other partnership facilities (paragraph 7.32). Paragraph 7.17 of the FWLLP identified the need for developers to fund these new schools and school extensions and it is made clear that this will include funds to cover construction costs, professional fees, furnishing, fitting out and other reasonable commissioning costs associated with delivering the new schools and school extensions.

1.2 This supplementary planning guidance sets out an approach for securing contributions towards reasonable school commissioning costs.

1.3 For the avoidance of doubt, commissioning costs will be those costs necessary to deliver a turn key project and make a school building educationally operational.

Legislative and policy context

2.1 At paragraph 8.10, the E&LSP states that the responsibility for providing infrastructure and services to support the major development allocations will be borne in most part by the development if funding from other sources cannot be secured, ie to overcome obstacles to the granting of planning permission. The use of planning agreements (in terms of Section 75 of the Town and Country Planning (Scotland) Act 1997 will provide the main means of securing services and infrastructure. In some cases, however legal agreements under S69 may be more appropriate as an alternative funding mechanism to S75 Agreements.

2.2 Scottish Office Development Department (SODD) Circular 12/1996 sets out current policy on planning agreements. The criteria to be satisfied are as follows:

- the agreement must serve a planning purpose;
- the agreement must be related to the development being proposed;
- the agreement must be related in scale and kind to the proposed development; and
- the agreement must be reasonable.

2.3 The E&LSP requires new infrastructure to be provided in phase with new housing. Policy HOU 5 of the structure plan states that planning permission should not be granted for housing development until all relevant infrastructure is provided or its funding committed. The provision of new primary and secondary school capacity is identified in the E&LSP as being key infrastructure required to support new housing throughout the district.

2.4 Circular 12/1996 and the E&LSP do not refer to a distinction between revenue and capital expenditure. Both documents refer to developers being expected to pay for or contribute to the cost of infrastructure which would not have been necessary but for the development.

Securing the developer contributions

3.1 Developer contributions may be secured by means of Section 69 and Section 75 Agreements concluded between the applicant and the council, prior to the issue of planning permission.

3.2 In some cases, where relatively small sums of money are involved, it may be possible to avoid formal agreements and for the council to collect contributions through an exchange of letters prior to planning permission being granted.

3.3 All contributions received through this policy will be “ring fenced” and will be spent only on funding school commissioning costs.

Commissioning costs

4.1 Fundamental to the local plan development strategy is the recognition that where infrastructure improvements are required as a direct result of proposed development, these costs be borne in most part by developers and not by the council. It will be necessary for developers to contribute towards all the costs of establishing new education provision to remove an obstacle to the granting of planning permission if public funds are not available. Otherwise, if funding is restricted to construction costs, for example, the council may simply be unable to fund the full range of costs associated with opening the new service provision and in accordance with policy HOU 5 of the E&LSP would refuse planning permission.



4.2 In general, the ongoing costs (often referred to as revenue costs) associated with new education provision will be met by the council. However, in some specific instances, certain clearly defined and time limited costs will need to be met by developers, e.g. contributions for school transport costs may be necessary in circumstances where children will have to be bussed to school pending the construction of a new school or the extension of an existing school.

4.3 As noted in paragraph 7.26 of the FWLLP accommodation schedules will be prepared for each school and school extension in due course. It is not appropriate to include the necessary level of detail for an accommodation schedule within the local plan as accommodation schedules will vary according to legislation and statutory guidance and other school and community provision in the locality. These details would be developed and confirmed in response to a specific planning application at a specific point in time. Similarly, it is also not appropriate to detail commissioning costs as these costs will also vary according to local circumstance, legislation and statutory guidance at a specific point in time. However, the council will make every endeavour to set out initial resource requirements at an early stage so that the overall scale of requirements can be gauged and appropriate allowances made within developers financial modelling.

School financing planning

5.1 West Lothian Council has proactively managed education infrastructure since the inception of the authority. The aim has been to provide quality of provision and service together with the most efficient use of assets and revenue efficiency. It has been recognised by The Accounts Commission (latterly Audit Scotland) that “surplus capacity” does not meet these aims and thus extending or opening a new facility, will result in costs to the authority through the re-introduction of spare capacity. These additional costs result, either through preliminary costs or a school operating below capacity in its early years, where a higher level of fixed costs requires to be borne by the authority. These costs are described below.



Commissioning costs:

5.2 Although a facility that is being extended or refurbished may already have a range of serviceable resources, significant capital works may breach previous capacity thresholds and require investment such as furniture, ICT equipment or resources for specialist subjects such as music and PE.

5.3 A new establishment will not have any resources and the council will not be in a position to redirect previously committed resources. New establishments would thus require upfront provision of the full range of teaching materials, furniture and equipment necessary for the school to discharge its function. Furthermore as the school roll rises and as the building is extended, further resources will be required. The authority will assess future needs at the commencement of a project in order to provide a guide for developer contributions that would apply at a later phase in the housing development.

Initial costs associated with school and community provision:

5.4 It is good practice to bring new school accommodation into use at the start of an academic session. Ideally, new accommodation will be brought into use at the start of an academic year to minimise disruption for pupils. As a consequence, some property related costs will be incurred during the period between the completion of building works and the school accommodation being brought into use by the council (eg non-domestic rates, utilities, (energy, water and sewerage), grounds maintenance, security and facilities management charges. It is considered that property related costs during this period be met by developers with



the council assuming responsibility for such costs after the agreed handover date. Clearly the costs to the developer can be minimised by carefully planning the construction programme to ensure that accommodation is not completed too far in advance of a practical opening date. The council will advise developers on practical opening dates for each project.

Staff

5.5 West Lothian Council's staffing models incorporate a minimum staffing standard in respect of management and administrative structures within schools. When a new school opens there is a stepped increase in revenue expenditure associated with the management and administrative needs of the school. Given the scale of new schools required within West Lothian, this is a matter of extreme concern to the council.

Illustrative requirements

6.1 Developers should take reassurance from the fact that the council has no interest in establishing scales and standards of provision that it cannot maintain in the longer term through normal funding mechanisms. It is also the case that there may be various options in mitigating and managing the range of potential commissioning costs that would be discussed with developers through the masterplan process and at the time of a planning application. At this stage it is essential to note it will not be possible to avoid some commissioning costs and thus it is crucial to have early discussions on the nature of the proposed provision and the manner in which the facility commences operation.

6.2 The following schedule provides a summary indication of the potential scale of developer contributions in relation to start-up costs:

Resources:	
Furniture, equipment, teaching materials	100% for each phase of construction.
Staff costs:	
Management structure, administrative staff	100% until agreed handover date.
Building costs:	
Non domestic rates, water and sewerage, property insurance, grounds maintenance, facilities management, energy, security	100% until agreed handover date – rates would not be charged until the school opens.

6.3 The indicative costs for primary and secondary schools are as follows:

Single stream primary school:	Equipment £300,000 Staffing £7,200 per month Building £3,550 per month
Two stream primary school:	Equipment £500,000 Staffing £7,200 per month Building £5,900 per month
Secondary school (1210 pupil model):	Equipment £1,725,000 Staffing £17,300 per month Building £34,500 per month

It should be noted that these costs are based on December 2007 prices and provide an indication of potential costs. Actual costs to be paid by developers will be assessed on a case by case basis and will be based on up to date information. Where a contribution has been agreed, but payment is not being made immediately, the legal agreement will ensure that the amount payable is index linked.

For further information or advice please contact:

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